

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6341

BILL NUMBER: SB 159

DATE PREPARED: Nov 8, 2001

BILL AMENDED:

SUBJECT: Build Indiana Fund.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that townships and private nonprofit entities are eligible applicants for purposes of projects to be funded from the State and Local Capital Projects Account of the Build Indiana Fund. The bill also provides that a disbursement from the Build Indiana Fund after January 1, 1998, may not be considered in calculating the funding threshold that governs the type of public audit performed on a nonprofit entity receiving public funds. The bill repeals the law that established the Build Indiana Capital Projects Review Committee.

Effective Date: Upon passage; July 1, 2002.

Explanation of State Expenditures: This bill provides that the 1,008 townships in the state and private not-for-profit entities are eligible for funding from the State and Local Capital Projects Account within the Build Indiana Fund. This codifies the current practice of providing funds to such entities.

The bill also repeals the statute establishing the Indiana Capital Projects Review Committee. Since this Committee is not currently active, its elimination will not have a fiscal impact.

Under current law, the State Board of Accounts may waive the examination of an entity if it meets the following conditions:

- (1) it receives less than 50% of its disbursements from the appropriation of public funds; or
- (2) if the entity is a not-for-profit corporation, it receives more than 50% but less than \$100,000 of its disbursements from the appropriation of public funds.

This bill requires that appropriations made from the State and Local Capital Projects Account after January 1, 1998, not be included in the calculation shown above for determining whether an audit by the Board of Accounts may be waived. Currently, many small entities (such as volunteer fire departments and small not-

for-profit organizations) receiving appropriations from the State and Local Capital Projects Account must be audited. This proposal potentially could reduce the number of audits of these entities. The Board of Accounts may realize some administrative cost savings related to this proposal, however, the overall fiscal impact is expected to be minimal.

Explanation of State Revenues:

Explanation of Local Expenditures: Certain local groups, such as volunteer fire departments, who receive funds from State and Local Capital Projects Account will no longer be audited by the State Board of Accounts and would realize savings as a result. Volunteer fire departments and not-for-profit organizations typically contract with private entities to conduct such audits. The average savings per audit is estimated to be between \$1,000 and \$2,000.

Explanation of Local Revenues:

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: Townships.

Information Sources: State Board of Accounts, (317) 232-2525. Mike Landwer, State Budget Agency, (317) 232-5604.